

ORIGINAL



0000120846

BEFORE THE ARIZONA CORPORATION COMMISSION

RECEIVED

COMMISSIONERS

KRISTIN K. MAYES, Chairman
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

2010 DEC 15 P 1:31

AZ CORP COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF
KOHL'S RANCH WATER COMPANY FOR AN
EMERGENCY RATE INCREASE.

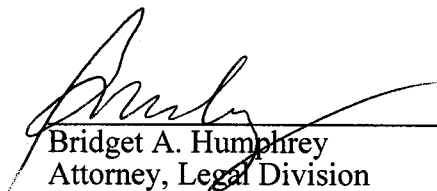
DOCKET NO. W-02886A-10-0369

**NOTICE OF FILING
NOTICE OF ERRATA**

The Utilities Division ("Staff") of the Arizona Corporation Commission hereby provides the Second Revised Schedule CSB-1, Page 1 of 3 that was inadvertently omitted when Staff filed its Second Supplement to the Staff Report for Kohl's Ranch Water Company on November 22, 2010.

For convenience, all schedules (i.e., Second Revised Schedules CSB-1, pages 1 through 3) are attached. Staff also corrects the page number for Schedule CSB-1, page 3 of 3.

RESPECTFULLY SUBMITTED this 15th day of December, 2010.


Bridget A. Humphrey
Attorney, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007
(602) 542-3402

Original and thirteen (13) copies
of the foregoing were filed this
15th day of December, 2010 with:

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Arizona Corporation Commission

DOCKETED

DEC 15 2010

DOCKETED BY



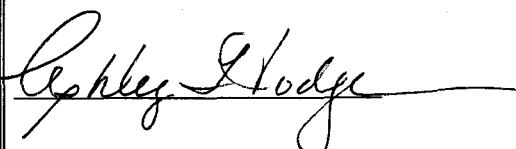
1 Copies of the foregoing were mailed
and/or emailed this 15th day of
2 December, 2010 to:

3 Margaret LaBianca
Maribeth M. Klein
4 POLSINELLI SHUGHART PC
One East Washington Street, Suite 1200
5 Phoenix, Arizona 85004
mlabianca@polsinelli.com
6 Attorney for Kohl's Ranch Water Company

7 Grady Gammage, Jr.
8 GAMMAGE & BURNHAM P.L.C.
Two North Central Avenue, 15th Floor
9 Phoenix, Arizona 85004
ggammage@gblaw.com
10 Attorney for Kohl's Ranch Homeowners
Association

11 Nancy J. Stone, President
12 KOHL'S RANCH WATER COMPANY
c/o ILX RESORTS INCORPORATED
13 2111 E. Highland Avenue, Suite 200
Phoenix, Arizona 85016
14 nstone@ILX.com

15

16 
17

18

19

20

21

22

23

24

25

26

27

28

INCOME STATEMENT

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED 12/31/2009	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED	[D] STAFF RECOMMENDED CHANGES	[E] STAFF RECOMMENDED
	<u>REVENUES:</u>					
1	Metered Water Sales	\$ 91,379	\$ -	\$ 91,379	\$ (9,860)	\$ 81,519
2	Water Sales - Unmetered	-	-	-	-	-
3	Other Operating Revenues	-	-	-	-	-
4	Total Revenues	\$ 91,379	\$ -	\$ 91,379	\$ (9,860)	\$ 81,519
	<u>EXPENSES:</u>					
7	Salaries and Wages	\$ -	\$ -	\$ -	\$ -	\$ -
8	Purchased Water	-	-	-	-	-
9	Purchased Power	2,397	(351) A	2,046	-	2,046
11	Chemicals	-	275 B	275	-	275
12	Repairs and Maintenance	7,315	(866) C	6,449	-	6,449
13	Office Supplies and Expense	1,778	-	1,778	-	1,778
14	Outside Services	65,000	(1,950) D	63,050	-	63,050
16	Water Testing	5,835	(3,114) E	2,721	-	2,721
18	Rents	-	-	-	-	-
19	Transportation Expenses	-	-	-	-	-
20	Insurance - General Liability	2,810	-	2,810	-	2,810
21	Insurance - Health and Life	-	-	-	-	-
23	Reg. Comm. Exp. - Rate Case	1,250	(1,250) F	-	-	-
24	Miscellaneous Expense	129	-	129	-	129
26	Depreciation Expense	1,810	-	1,810	-	1,810
27	Taxes Other Than Income	-	-	-	-	-
28	Property Taxes	402	-	402	-	402
29	Income Taxes	553	(503) G	50	-	50
31	Rounding	(1)	-	(1)	-	(1)
32	Total Operating Expenses	\$ 89,278	\$ (7,759)	\$ 81,519	\$ -	\$ 81,519
34	Operating Income (Loss)	\$ 2,101	\$ 7,759	\$ 9,860	\$ (9,860)	\$ 0

References:

Column (A): Company Schedule SSR-1
Column (B): Schedule CSB-1, page 2
Column (C): Column (A) + Column (B)
Column (D): Column (E) + Column (C)
Column (E): Column (C) + Column (D)

STAFF ADJUSTMENTS

A - PURCHASED POWER EXPENSE - Per Company \$ 2,397
Per Staff 2,046 (\$351)

The Company's calculation for purchased pumping power costs included gallons for both the spring system and the well system. However, because the spring system uses gravity flow and does not utilize a pump, Staff removed the gallons related to the spring system (i.e., 3,378) as shown below. Staff also added \$1,000 for other purchased power needs such as, but not limited to, the chlorinator.

	Per Company	Adjustment	Per Staff
Spring System (Residential) - Gallons in '000's	3,378	(3,378)	0
Well System (Lodge) - Gallons in '000's	2,615	(0)	2,615
Total Annual Gallons	5,993	(3,378)	2,615
Estimated Purchased Pwr cost per 1,000 gals	\$ 0.40		\$ 0.40
Purchased Pumping Power Expense	\$ 2,397	(1,351)	\$ 1,046
Other Purchased Power Expense	\$ -	1,000	\$ 1,000
	\$ 2,397	(351)	\$ 2,046

B - CHEMICALS - Per Company \$ -
Per Staff 275 \$275

Staff added \$275 to Chemicals expense to reflect invoices that the Company had inadvertently used to support its water testing expense.

C - REPAIRS AND MAINTENANCE - Per Company \$ 7,315
Per Staff 6,449 (\$866)

The Company added \$996 in estimated repair and maintenance costs (Schedule SSR-2, Adjustment 8) in addition to the \$6,319 in actual repair and maintenance expense. Staff removed \$996 to reflect only actual repair and maintenance costs. Staff also added \$130 to reflect invoices for materials and supplies costs that the Company had inadvertently included as support for water testing expense.

	Per Company	Adjustment	Per Staff
Actual repair and maintenance costs	6,319	0	6,319
Additional expenses from invoices	0	130	130
Estimated repair and maint. costs	996	(996)	0
Total Repair and Maint Expense	7,315	(866)	6,449

D - OUTSIDE SERVICES - Per Company \$ 65,000
Per Staff 63,050 (\$1,950)

Per the testimony of the Company's witnesses at the hearing, Staff determined that most, if not all, of the \$6,000 in legal expenses were estimated and/or projected amounts for Kohl's ranch. Since no evidence was provided showing that the \$6,000 was actually incurred, Staff removed the amount. Staff also added \$4,050 in costs for the services of a certified operator that the Company had inadvertently included as support for water testing expense.

	Per Company	Adjustment	Per Staff
Operator	21,000	0	21,000
Billing, Accounting, Management	36,000	0	36,000
Annual reports, Tax return preparation	2,000	0	2,000
Legal expenses	6,000	(6,000)	0
Certified Operator	0	4,050	4,050
	65,000	(1,950)	63,050

Kohl's Ranch Water Company
Docket No. W-02886A-10-0369
Emergency Rates

Second Revised Schedule CSB-2

Line
No.

1 Annual Revenue Increase

2 \$ 81,519 Staff recommended total revenue

3 \$(10,011) Actual total revenue

4 \$ (560) Additional revenue discussed in Company's response (page 11, line 21 1/2)

5 \$ 70,948 Staff recommended increase in revenue

6

7

8

9 Calculation of Annual Surcharge Revenue

	Number of Customers		Monthly Surcharge		Number of Months		Annual Surcharge Revenue
12	5/8" x 3/4" Meter (Residential)	124	x	\$ 21.88	x	12	= \$ 32,557
13	6" Meter (Lodge)	1	x	\$ 3,200.00	x	12	= \$ 38,400
14		125	Total Annual Surcharge Revenue				\$ 70,957